



THOMAS L. GARTHWAITE, M.D.
Director and Chief Medical Officer

COUNTY OF LOS ANGELES
DEPARTMENT OF HEALTH SERVICES
313 N. Figueroa, Los Angeles, CA 90012
(213) 240-8101

BOARD OF SUPERVISORS

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December 15, 2005

The Honorable Board of Supervisors
County of Los Angeles
383 Kenneth Hahn Hall of Administration
500 West Temple Street
Los Angeles, California 90012

Dear Supervisors:

**REQUEST TO ACCEPT COMPROMISE OFFER OF SETTLEMENT
(ALL DISTRICTS AFFECTED - 3 VOTES)**

IT IS RECOMMENDED THAT YOUR BOARD:

Authorize the Director of Health Services or his designee to accept the attached compromise offers of settlement, pursuant to Section 1473 of the Health and Safety Code, for the following individual accounts for patients who received medical care at a County facility:

| | | | |
|-----|---------------|------------------|----------|
| (1) | Record Number | MLK/D - 2371017 | \$40,000 |
| (2) | Record Number | MLK/D - 2337528 | \$15,000 |
| (3) | Record Number | RLANRC - 0221405 | \$15,000 |
| (4) | Record Number | RLANRC - 0251243 | \$15,000 |
| (5) | Record Number | RLANRC - 0243438 | \$15,000 |
| (6) | Record Number | RLANRC - 0229059 | \$15,000 |
| (7) | Record Number | RLANRC - 0204218 | \$15,000 |

PURPOSE/JUSTIFICATION OF RECOMMENDED ACTION:

The compromise offers of settlement for patient accounts (1) – (7) are recommended because the patients are unable to pay the full amount of charges and the compromise offers represent the maximum amount the Department will be able to receive under a class action settlement reached in 2002. This action was a result of products liability litigation involving Sulzer, a manufacturer of defective hip and knee replacement devices which were recalled. The settlement agreement limits medical provider lien claim reimbursement to a maximum of \$15,000 per patient. This cap can be exceeded only if a patient falls within an exception for "extraordinary injury" cases. The claim for patient (1) above met this criterion.

The best interests of the County would be served by the approval of these compromises since it will enable DHS to maximize net revenue on these accounts.

Implementation of Strategic Plan Goals:

The recommended action will satisfy County Strategic Plan Goal #4, Fiscal Responsibility.

FISCAL IMPACT:

This will expedite the County's recovery of partial payment totaling approximately \$130,000.

FINANCING:

Not applicable.

FACTS AND PROVISIONS/LEGAL REQUIREMENTS:

On January 8, 2002 the Board approved an ordinance granting the Director of Health Services (Director) authority to reduce patient account liabilities when in the best interest of the County. The ordinance was adopted by the Board on January 15, 2002.

Under County Code Chapter Section 2.76.046, the Director has the authority to reduce patient account liabilities by the greater of i) \$15,000, or ii) \$75,000 or 50% of the account balance, whichever is less. Any reduction exceeding the Director's authority requires Board approval.

Typically, recoveries in tort settlements are divided into thirds – one third each to the plaintiff (patient), attorney, and lien holder(s), although the final result is always the product of negotiation. The County may therefore receive a higher or lower percentage depending on the circumstances of the case. Factors that affect the County's percentage include the number of other lien holders and the contractual agreement between the plaintiff and the lawyer.

The compromise of these accounts is not within the Director's authority, so the Director is requesting Board approval of these compromises.

CONTRACTING PROCESS:

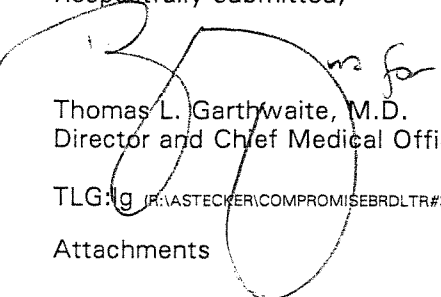
Not applicable.

IMPACT ON CURRENT SERVICES (OR PROJECTS):

Maximizing net revenues on these accounts will help DHS meet its budgeted revenue amounts.

When approved, DHS requires three signed copies of the Board's action.

Respectfully submitted,



Thomas L. Garthwaite, M.D.
Director and Chief Medical Officer

TLG:lg (R:\ASTECKER\COMPROMISE\BRDLTR#38\LETTER)

Attachments

c: Chief Administrative Officer
County Counsel
Executive Officer, Board of Supervisors

DATA FOR COMPROMISE SETTLEMENT

COUNTY OF LOS ANGELES
DEPARTMENT OF HEALTH SERVICES

TRANSMITTAL No. 1
DATE: December 15, 2005

| | | | |
|----------------------------------|-----------|------------------------|--------------------------|
| Total Charges | \$316,705 | Account Number | 2371017 |
| Amount Paid | \$0 | Service Type | Inpatient and Outpatient |
| Balance Due | \$316,705 | Date of Service | 05/03/2000 – 07/24/2001 |
| Compromise Amount Offered | \$40,000 | % Of Charges | 13% |
| Amount to be Written Off | \$276,705 | Facility | MLK/D Medical Center |

JUSTIFICATION

This patient was admitted to remove a defective medical device that was recalled by the manufacturer. The patient was treated at MLK/D Medical Center and incurred total inpatient and outpatient charges of \$316,705. The amount offered is the maximum medical provider claim lien reimbursement under the class action suit settlement reached in 2002.

Based on financial information provided by patient, it appears that the patient has no other source of income, or personal or real property to meet his obligation to MLK/D Medical Center.

DATA FOR COMPROMISE SETTLEMENT

COUNTY OF LOS ANGELES
DEPARTMENT OF HEALTH SERVICES

TRANSMITTAL No. 2
DATE: December 15, 2005

| | | | |
|----------------------------------|----------|------------------------|--------------------------|
| Total Charges | \$33,602 | Account Number | 2337528 |
| Amount Paid | \$0 | Service Type | Inpatient and Outpatient |
| Balance Due | \$33,602 | Date of Service | 09/18/2000 -05/15/2001 |
| Compromise Amount Offered | \$15,000 | % Of Charges | 45% |
| Amount to be Written Off | \$18,602 | Facility | MLK/D Medical Center |

JUSTIFICATION

This patient was admitted to remove a defective medical device that was recalled by the manufacturer. The patient was treated at MLK/D Medical Center and incurred total inpatient and outpatient charges of \$33,602. The amount offered is the maximum medical provider claim lien reimbursement under the class action suit settlement reached in 2002.

Based on financial information provided by patient, it appears that the patient has no other source of income, or personal or real property to meet his obligation to MLK/D Medical Center.

DATA FOR COMPROMISE SETTLEMENT

COUNTY OF LOS ANGELES
DEPARTMENT OF HEALTH SERVICES

TRANSMITTAL No. 3
DATE: December 15, 2005

| | | | |
|----------------------------------|----------|------------------------|---|
| Total Charges | \$57,698 | Account Number | 0221405 |
| Amount Paid | \$0 | Service Type | Inpatient |
| Balance Due | \$57,698 | Date of Service | 01/04/2001 – 01/14/2001 |
| Compromise Amount Offered | \$15,000 | % Of Charges | 26% |
| Amount to be Written Off | \$42,698 | Facility | Rancho Los Amigos National Rehabilitation Center (RLANRC) |

JUSTIFICATION

This patient was admitted to remove a defective medical device that was recalled by the manufacturer. The patient was treated at RLANRC and incurred total inpatient charges of \$57,698. The amount offered is the maximum medical provider claim lien reimbursement under the class action suit settlement reached in 2002.

Based on financial information provided by patient, it appears that the patient has no other source of income, or personal or real property to meet his obligation to RLANRC.

DATA FOR COMPROMISE SETTLEMENT

COUNTY OF LOS ANGELES
DEPARTMENT OF HEALTH SERVICES

TRANSMITTAL No. 4
DATE: December 15, 2005

| | | | |
|---------------------------|----------|-----------------|---|
| Total Charges | \$34,394 | Account Number | 0251243 |
| Amount Paid | \$0 | Service Type | Inpatient |
| Balance Due | \$34,394 | Date of Service | 05/01/2001 – 05/04/2001 |
| Compromise Amount Offered | \$15,000 | % Of Charges | 44% |
| Amount to be Written Off | \$19,394 | Facility | Rancho Los Amigos National Rehabilitation Center (RLANRC) |

JUSTIFICATION

This patient was admitted to remove a defective medical device that was recalled by the manufacturer. The patient was treated at RLANRC and incurred total inpatient charges of \$33,394. The amount offered is the maximum medical provider claim lien reimbursement under the class action suit settlement reached in 2002.

Based on financial information provided by patient, it appears that the patient has no other source of income, or personal or real property to meet his obligation to RLANRC.

DATA FOR COMPROMISE SETTLEMENT

COUNTY OF LOS ANGELES
DEPARTMENT OF HEALTH SERVICES

TRANSMITTAL No. 5
DATE: December 15, 2005

| | | | |
|----------------------------------|----------|------------------------|---|
| Total Charges | \$50,579 | Account Number | 0243438 |
| Amount Paid | \$0 | Service Type | Inpatient |
| Balance Due | \$50,579 | Date of Service | 07/03/2001 – 07/09/2001 |
| Compromise Amount Offered | \$15,000 | % Of Charges | 30% |
| Amount to be Written Off | \$35,579 | Facility | Rancho Los Amigos National Rehabilitation Center (RLANRC) |

JUSTIFICATION

This patient was admitted to remove a defective medical device that was recalled by the manufacturer. The patient was treated at RLANRC and incurred total inpatient charges of \$50,579. The amount offered is the maximum medical provider claim lien reimbursement under the class action suit settlement reached in 2002.

Based on financial information provided by patient, it appears that the patient has no other source of income, or personal or real property to meet his obligation to RLANRC.

DATA FOR COMPROMISE SETTLEMENT

COUNTY OF LOS ANGELES
DEPARTMENT OF HEALTH SERVICES

TRANSMITTAL No. 6
DATE: December 15, 2005

| | | | |
|---------------------------|----------|-----------------|---|
| Total Charges | \$57,241 | Account Number | 0229059 |
| Amount Paid | \$0 | Service Type | Inpatient |
| Balance Due | \$57,241 | Date of Service | 10/12/1999 – 10/19/1999 |
| Compromise Amount Offered | \$15,000 | % Of Charges | 26% |
| Amount to be Written Off | \$42,241 | Facility | Rancho Los Amigos National Rehabilitation Center (RLANRC) |

JUSTIFICATION

This patient was admitted to remove a defective medical device that was recalled by the manufacturer. The patient was treated at RLANRC and incurred total inpatient charges of \$57,241. The amount offered is the maximum medical provider claim lien reimbursement under the class action suit settlement reached in 2002.

Based on financial information provided by patient, it appears that the patient has no other source of income, or personal or real property to meet his obligation to RLARNC.

DATA FOR COMPROMISE SETTLEMENT

COUNTY OF LOS ANGELES
DEPARTMENT OF HEALTH SERVICES

TRANSMITTAL No.7
DATE: December 15, 2005

| | | | |
|---------------------------|----------|-----------------|---|
| Total Charges | \$50,599 | Account Number | 0204218 |
| Amount Paid | \$0 | Service Type | Inpatient |
| Balance Due | \$50,599 | Date of Service | 11/19/2002 – 11/22/2002 |
| Compromise Amount Offered | \$15,000 | % Of Charges | 30% |
| Amount to be Written Off | \$35,599 | Facility | Rancho Los Amigos National Rehabilitation Center (RLANRC) |

JUSTIFICATION

This patient was admitted to remove a defective medical device that was recalled by the manufacturer. The patient was treated at RLANRC and incurred total inpatient charges of \$50,599. The amount offered is the maximum medical provider claim lien reimbursement under the class action suit settlement reached in 2002.

Based on financial information provided by patient, it appears that the patient has no other source of income, or personal or real property to meet his obligation to RLANRC.